

GDP growth down, may become negative

'09 GDP Projection

- Last October 5.5%(IMF) 5.8% (Kuboniwa)
- Now in the range

4% (Kuboniwa's maximal)

(10%down investment; 0% TFP contribution)

-4% (Troika's pessimistic)

(10%down investment; 0%up private consumption)

-1.2% (CSI MB) (9%down investment; 4%down consumption)

GDP growth down, may become negative despite Putin's actions

- *Demand side:*
- **Consumption: the major driver**
- **foreign demand: a negative source due to ups in real imports. Now only foreign demand can be a positive source?**
- **Let's exclude imports from demand items. Then:**
- *Demand side:*
- **Demand for *Russian home-made products*: growth driver for '02-'07.**
- **In '08 this a slight down ; foreign demand a marked fall.**
- **This drive stagnates with some exceptions. Further developments in Russian diversification by foreign/JV capital?**
- **And we may see the **first sustained drop in standard of living since 1999** implying social unrest and political dissatisfaction.**

Supply side growth driver: TFP

- *Supply* side:
- The major growth driver was *TFP* (*total factor productivity*) contribution for '01-'07.
- TFP contribution showed a marked decline in '08 and may be negative in '09 due to idle capital and investment decrease. This will be improved in '10.